



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-1096/P2

PJK:sag

Sacreev

rmish

DOA:.....Iwata, BB0356 - Reducing work disincentives under MAPP

**FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION**

(in 2-1)

do not  
cancel

1 AN ACT; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**MEDICAL ASSISTANCE**

Under current law, an individual who would be eligible for the Medical Assistance (MA) program based on eligibility for supplemental security income (SSI), but who is not eligible for SSI because he or she is employed and has too much earned and unearned income to be eligible, may pay premiums for coverage under MA if his or her family's net income is less than 250 percent of the poverty line and his or her assets do not exceed \$15,000, excluding certain assets. This program is known as the MA purchase plan (MAPP). When determining the value of the individual's assets for continued eligibility under MAPP, DHS excludes amounts in a DHS-approved account that consists solely of savings from the individual's employment after the individual's coverage under MAPP began. These accounts are known as "independence accounts."

Insert A-1

This bill makes a number of changes to the eligibility and premium requirements under MAPP. When an individual's eligibility is determined under current law, only the individual's family's earned income is considered. The bill provides that, to be eligible for MAPP, the individual's family's net earned and unearned income together must be less than 250 percent of the poverty line. In addition, the bill requires DHS to exclude up to \$500 per month of an individual's out-of-pocket medical and remedial expenses and long-term care costs when

Insert A-2

3.5

calculating net income and to verify income from work activities through documentation provided by the individual.

Premiums for MA coverage under MAPP are calculated for an individual by adding together all of the individual's unearned income, after certain specified amounts are deducted, and ~~three and one half~~ percent of the individual's earned <sup>income</sup> \* DHS may waive any premiums that are calculated to be below \$10 per month. In addition, DHS is prohibited from assessing a premium to an individual whose earned and unearned income is below 150 percent of the poverty line for a family the size of the individual's family. Under the bill, an individual whose total earned and unearned income is below 150 percent of the poverty line for an individual is required to pay a premium. The premium payable is equal to ~~three~~ percent of the individual's total earned and unearned income, after deducting the same specified amounts that are deducted under current law from an individual's unearned income, and rounded down to the nearest \$25. A minimum monthly premium of \$50 is set, however, for anyone whose premium calculation is below that amount.

Finally, certain MA programs consider an individual's <sup>income and</sup> assets when determining eligibility for the program. The bill requires DHS to exclude retirement assets that accrued from employment while an individual was eligible for any MA program from the individual's assets that are considered when determining eligibility for MAPP or the expanded medicare buy-in program, under which MA pays premiums, deductibles, and coinsurance for Medicare coverage for elderly or disabled persons who are entitled to coverage under Medicare Part A or under Medicare Part A and Part B and whose income and resources are sufficiently low to satisfy the eligibility criteria under the program.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

Insert 2-1

- 1 SECTION 1. 49.468 (1) (d) of the statutes is amended to read:
- 2 49.468 (1) (d) Benefits under par. (b) or (c) are available for an individual who
- 3 has resources that are equal to or less than 200% of the allowable resources as
- 4 determined under 42 USC 1381 to 1385, excluding retirement assets that accrued
- 5 from employment while the individual was eligible for the community options
- 6 program under s. 46.27 (11) or any other Medical Assistance program, including
- 7 deferred compensation or the value of retirement accounts in the Wisconsin

Insert 3-1

1 Retirement System or under the federal Social Security Act, and who has income  
2 that is equal to or less than 100% of the poverty line.

3 **SECTION 2.** 49.468 (1m) (b) of the statutes is amended to read:

4 49.468 (1m) (b) Benefits under par. (a) are available for an individual who has  
5 resources that are equal to or less than 200% of the allowable resources determined  
6 under 42 USC 1381 to 1385, excluding retirement assets that accrued from  
7 employment while the individual was eligible for the community options program  
8 under s. 46.27 (11) or any other Medical Assistance program, including deferred  
9 compensation or the value of retirement accounts in the Wisconsin Retirement  
10 System or under the federal Social Security Act, and who has income that is greater  
11 than 100% of the poverty line but less than 120% of the poverty line.

12 **SECTION 3.** 49.468 (2) (b) of the statutes is amended to read:

13 49.468 (2) (b) Benefits under par. (a) are available for an individual who has  
14 resources that are equal to or less than 200% of the allowable resources under 42  
15 USC 1381 to 1385, excluding retirement assets that accrued from employment while  
16 the individual was eligible for the community options program under s. 46.27 (11) or  
17 any other Medical Assistance program, including deferred compensation or the  
18 value of retirement accounts in the Wisconsin Retirement System or under the  
19 federal Social Security Act, and who has income that is equal to or less than 200%  
20 of the poverty line.

→ and his or her spouse's

21 **SECTION 4.** 49.472 (3) (a) of the statutes is amended to read:

22 49.472 (3) (a) The individual's ~~family's~~ total net earned and unearned income  
23 is less than 250% of the poverty line for a family the size of the individual's family.  
24 In calculating the net earned and unearned income, the department shall apply all  
25 of the exclusions specified under 42 USC 1382a (b) and shall exclude up to \$500 per

1 month of the individual's out-of-pocket medical and remedial expenses and  
2 long-term care costs, if any. The department shall verify income from work activity  
3 under this paragraph through documentation provided by the individual. ← keep

4 **SECTION 5.** 49.472 (3) (b) of the statutes is amended to read:

5 49.472 (3) (b) The individual's assets do not exceed \$15,000. In determining  
6 assets, the department may not include assets that are excluded from the resource  
7 calculation under 42 USC 1382b (a) or; assets accumulated in an independence  
8 account; or retirement assets that accrued from employment while the individual  
9 was eligible for the community options program under s. 46.27 (11) or any other  
10 Medical Assistance program, including deferred compensation or the value of  
11 retirement accounts in the Wisconsin Retirement System or under the federal Social  
12 Security Act. → *Insert 4-12* The department may exclude, in whole or in part, the value of a vehicle

13 used by the individual for transportation to paid employment.

14 **SECTION 6.** 49.472 (3) (f) of the statutes is amended to read:

15 49.472 (3) (f) The individual, if required to pay a premium under sub. (4) (a)  
16 1., maintains premium payments calculated by the department in accordance with  
17 sub. (4), unless the individual is exempted from premium payments under sub. (4)  
18 (b) or (5).

19 **SECTION 7.** 49.472 (4) (a) (intro.) of the statutes is repealed.

20 **SECTION 8.** 49.472 (4) (a) 1. of the statutes is repealed and recreated to read:

21 49.472 (4) (a) 1. An individual who is eligible for medical assistance under sub.  
22 (3) and receives medical assistance shall pay a monthly premium to the department  
23 if the individual's total earned and unearned income is equal to at least 150 percent  
24 of the poverty line for an individual.

25 **SECTION 9.** 49.472 (4) (a) 1m. of the statutes is created to read:

1           49.472 (4) (a) 1m. Except as provided in par. (b), the premium required under  
2       subd. 1. shall be equal to 3 percent of the individual's total earned and unearned  
3       income, after the deductions specified in subd. 2., rounded down to the nearest \$25.

4           **SECTION 10.** 49.472 (4) (a) 2. (intro.) of the statutes is amended to read:

5           49.472 (4) (a) 2. (intro.) In determining an individual's total earned and  
6       unearned income under subd. ~~1.~~ 1m., the department shall disregard all of the  
7       following:

8           **SECTION 11.** 49.472 (4) (a) 2m. of the statutes is repealed.

9           **SECTION 12.** 49.472 (4) (a) 3. of the statutes is amended to read:

10          49.472 (4) (a) 3. The Subject to par. (b), the department may reduce the  
11       premium by 25% for an individual who is covered by private health insurance.

12       *auth by A*  
12          **SECTION 13.** 49.472 (4) (b) of the statutes is amended to read:

13          49.472 (4) (b) ~~The department may waive monthly premiums that are~~  
14       ~~calculated to be below \$10~~ minimum premium payable by an individual specified in  
15       par. (a) 1. is \$50 per month. Unless otherwise provided by the department by a policy  
16       created under s. 49.45 (2m) (c), the department may not assess a monthly premium  
17       for any individual whose ~~income level, after adding the individual's total~~ earned  
18       ~~income~~ and unearned income, is below 150% of the poverty line for an individual.

19       *auth by B*  
19          **SECTION 14.** 49.472 (4) (b) of the statutes, as affected by 2011 Wisconsin Act 32,  
20       is amended to read:

21          49.472 (4) (b) ~~The department may waive monthly premiums that are~~  
22       ~~calculated to be below \$10~~ minimum premium payable by an individual specified in  
23       par. (a) 1. is \$50 per month. The department may not assess a monthly premium for  
24       any individual whose ~~income level, after adding the individual's total~~ earned income  
25       and unearned income, is below 150% of the poverty line for an individual.

SECTION 15. 49.472 (5) of the statutes is amended to read:

49.472 (5) COMMUNITY OPTIONS PARTICIPANTS. From the appropriation under s. 20.435 (7) (bd), the department may pay all or a portion of the monthly premium calculated under sub. (4) (a) for an individual who is a participant in the community options program under s. 46.27 (11).

**SECTION 9318. Initial applicability; Health Services.**

(1) ELIGIBILITY FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of section 49.472 (3) (a), (b), and (f) <sup>→ and (3m)</sup> of the statutes first applies to individuals who apply for the Medical Assistance purchase plan, or whose continued eligibility for the Medical Assistance purchase plan is reviewed, on the effective date of this subsection.

(2) ELIGIBILITY FOR THE EXPANDED MEDICARE BUY-IN PROGRAM. The treatment of section 49.468 (1) (d), (1m) (b), and (2) (b) of the statutes first applies to individuals who apply for the expanded medicare buy-in program, or whose continued eligibility for the expanded medicare buy-in program is reviewed, on the effective date of this subsection.

(3) PREMIUMS FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of section 49.472 (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTION 13) and (5) of the statutes first applies to premiums for the Medical Assistance purchase plan that are payable in January 2014 <sup>→ on the effective date of this subsection</sup>

**SECTION 9418. Effective dates; Health Services.**

(1) ELIGIBILITY AND PREMIUMS FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of sections 49.472 (3) (a), (b), and (f), <sup>(3m)</sup> (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTION 13), and (5) of the statutes and SECTION 9318 (1) of this act take effect on January 1, 2014, <sup>→</sup> or on the date stated in the

Wisconsin Administrative Register under SECTION 9418 (1) (a), <sup>1</sup> whichever is later

auto ref C  
auto ref D

A.R.A.

Insert 6-5

Insert 6-16

auto ref F

ARA

1

CERTAIN MEDICAL ASSISTANCE

1 (2) ELIGIBILITY FOR THE EXPANDED MEDICARE BUY-IN PROGRAM. The treatment of  
2 section 49.468 (1) (d), (1m) (b), and (2) (b) of the statutes and SECTION 9318 (2) of this  
3 act take effect on January 1, 2014. *auto ref*

4 (3) TERMINATION OF DEPARTMENT POLICIES. The amendment of section 49.472 (4)  
5 (b) (by SECTION 14) of the statutes takes effect on January 1, 2015. *auto ref*

A.R.B

(END)

Insert 7-3

→ sections 46.286(1m), 49.46(1)(cm),

**2013-2014 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1096/P2ins  
PJK:.....

**INSERT A-1**

*not* Under current law, when determining whether an individual's net income is less than 250 percent of the poverty line, certain disregards are deducted from the individual's and his or her spouse's total earned income, then the individual's and his or her spouse's total unearned income is added, and then another general disregard is deducted. Under the bill, the same disregards as under current law are deducted from the individual's and his or her spouse's total earned and unearned income, then a new deduction of up to \$500 per month of the individual's out-of-pocket medical and remedial expenses and long-term care costs is applied, and then the same general disregard as under current law is deducted. The bill also requires DHS to verify an individual's income from work activities through documentation provided by the individual, and requires that, to be engaged in gainful employment, an individual must be paying, or having withheld, certain taxes and must document that payment or withholding to DHS.

(END OF INSERT A-1)

**INSERT A-2**

*not* then adding, in practice, ~~three~~ <sup>3</sup> percent of the individual's earned income, although the statutes provide that

(END OF INSERT A-2)

**INSERT A-3**

*not* , although, in practice, DHS waives any premiums below \$25 per month

(END OF INSERT A-3)

**INSERT A-4**

*not* , and, in practice, DHS uses the individual's total earned and unearned income

(END OF INSERT A-4)

**INSERT A-5**

*not* , to the extent approved by the federal government, independence accounts and retirement benefits that accumulated or were earned through employment income or employer contributions while the individual was employed and receiving MA coverage under MAPP when determining eligibility or cost-sharing requirements under various MA programs, including MAPP, except that independence accounts are already excluded under current law with respect to MAPP

(END OF INSERT A-5)

**INSERT 2-1**

*Family Care and*

*em 2-1*

1           **SECTION 1.** 46.286 (1m) of the statutes is created to read:

2           46.286 (1m) **ASSETS EXCLUDED.** For purposes of determining a person's financial  
3 eligibility under sub. (1) (b) and cost sharing requirements under sub. (2), to the  
4 extent approved by the federal government the department or its designee shall  
5 exclude any assets accumulated in an independence account, as defined in s. 49.472  
6 (1)(c), and any retirement benefits earned or accumulated from employment income  
7 or employer contributions while the person was employed and eligible for and  
8 receiving medical assistance under s. 49.472.

(END OF INSERT 2-1)

9           **SECTION 2.** 49.46 (1) (em) of the statutes is created to read:

10           49.46 (1) (em) For purposes of determining the eligibility and any cost sharing  
11 requirements of an individual under par. (a) 6m., 14., or 14m., (d) 2., or (e), to the  
12 extent approved by the federal government the department shall exclude any assets  
13 accumulated in an independence account, as defined in s. 49.472 (1) (c), and any  
14 retirement benefits earned or accumulated from employment income or employer  
15 contributions while the individual was employed and eligible for and receiving  
16 medical assistance under s. 49.472.

INSERT 3-1

17           with , to the extent approved by the federal government, any assets accumulated in  
18 an independence account, as defined in s. 49.472 (1) (c), and retirement benefits

any

*ins 3-1 contd*

1 earned or accumulated from income or employer contributions while the individual  
2 was employed and eligible for and receiving medical assistance under s. 49.472,

(END OF INSERT 3-1)

INSERT 4-12

3 *not* , to the extent approved by the federal government, retirement benefits earned  
4 or accumulated from income or employer contributions while the individual was  
5 employed and eligible for and receiving medical assistance under this section

(END OF INSERT 4-12)

INSERT 4-18

6 **SECTION 3.** 49.472 (3m) of the statutes is created to read:  
7 49.472 (3m) VERIFYING INCOME. The department shall verify income from work  
8 activity under sub. (3) (a) and (g) through documentation provided by the individual.  
9 The department shall require that, for an individual to be engaged in gainful  
10 employment under sub. (3) (g), the individual must be working and paying, or having  
11 withheld, federal social security and Medicare taxes and other applicable state or  
12 federal income taxes. The department shall require that the individual provide  
13 documentation of payment or withholding of income taxes on earned income.

(END OF INSERT 4-18)

INSERT 6-5

14 **SECTION 9118. Nonstatutory provisions; Health Services.**  
15 *auto ref C* (1) ELIGIBILITY AND PREMIUMS UNDER THE MEDICAL ASSISTANCE PURCHASE PLAN.  
16 *auto ref D* (a) Notification of federal approval. The Department of Health Services shall  
17 request from the federal government approval of the treatment of sections 49.472 (3)

1cx3

↓

1 (a), (b), and (f), (3m), (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., ~~or~~ 3. and (b) (by SECTIONS  
2 X and Y), and (5) by this act, and shall notify the Legislative Reference Bureau of the  
3 date on which each provision is approved. The Legislative Reference Bureau shall  
4 publish a notice in the Wisconsin Administrative Register that states the date on  
5 which each provision was approved.

6 (b) Void provisions. If, by July 1, 2015, the Department of Health Services has  
7 not notified the Legislative Reference Bureau under paragraph (a) that federal  
8 approval has been given with respect to the treatment of section 49.472 (3) (a), (b),  
9 or (f), (3m), (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., or 3. or (b) (by SECTIONS X and Y),  
10 or (5) by this act, that treatment is void.

\*\*\*NOTE: I have somewhat arbitrarily chosen July 1, 2015, as the date by which federal approval must be given or the changes are void. Let me know if you want a different date.

(END OF INSERT 6-5)

INSERT 6-16

(2) ELIGIBILITY FOR CERTAIN MEDICAL ASSISTANCE PROGRAMS.

12 (a) Family care. The treatment of section 46.286 (1m) of the statutes first  
13 applies to individuals who apply for the family care benefit, or whose continued  
14 eligibility for the family care benefit is reviewed, on the effective date of this  
15 paragraph.

16 (b) Medical Assistance. The treatment of section 49.46 (1) (em) of the statutes  
17 first applies to individuals who apply for Medical Assistance, or whose continued  
18 eligibility for Medical Assistance is reviewed, on the effective date of this paragraph.

19 (c) Medicare buy-in. The treatment of section 49.468 (1) (d), (1m) (b), and (2)  
20 (b) of the statutes first applies to individuals who apply for the expanded medicare

*Ins 6-16 cont'd*

- 1 buy-in program, or whose continued eligibility for the expanded medicare buy-in
- 2 program is reviewed, on the effective date of this paragraph.<sup>✓</sup>

(END OF INSERT 6-16)

**INSERT 7-3**

\*\*\*NOTE: I don't believe that the retirement assets exclusions need a contingent effective date since the language in the statute says "to the extent approved by the federal government."

(END OF INSERT 7-3)



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-1096/P2

PJK:sac&eev:rs

stays

Loys

DOA:.....Iwata, BB0356 - Reducing work disincentives under MAPP

**FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION**

today

do not generate

LPS: this is the  
2nd round for P2,  
it was blue-sheeted  
sheeted over the  
weekend.

1 AN ACT *relating to:* the budget.

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**MEDICAL ASSISTANCE**

Under current law, an individual who would be eligible for the Medical Assistance (MA) program based on eligibility for supplemental security income (SSI), but who is not eligible for SSI because he or she is employed and has too much earned and unearned income to be eligible, may pay premiums for coverage under MA if his or her family's net income is less than 250 percent of the poverty line and his or her assets do not exceed \$15,000, excluding certain assets. This program is known as the MA purchase plan (MAPP). When determining the value of the individual's assets for continued eligibility under MAPP, DHS excludes amounts in a DHS-approved account that consists solely of savings from the individual's employment after the individual's coverage under MAPP began. These accounts are known as "independence accounts."

This bill makes a number of changes to the eligibility and premium requirements under MAPP. Under current law, when determining whether an individual's net income is less than 250 percent of the poverty line, certain disregards are deducted from the individual's and his or her spouse's total earned income, then the individual's and his or her spouse's total unearned income is added, and then another general disregard is deducted. Under the bill, the same disregards as under current law are deducted from the individual's and his or her spouse's total earned

and unearned income, then a new deduction of up to \$500 per month of the individual's out-of-pocket medical and remedial expenses and long-term care costs is applied, and then the same general disregard as under current law is deducted. The bill also requires DHS to verify an individual's income from work activities through documentation provided by the individual, and requires that, to be engaged in gainful employment, an individual must be paying, or having withheld, certain taxes and must document that payment or withholding to DHS.

Premiums for MA coverage under MAPP are calculated for an individual by adding together all of the individual's unearned income, after certain specified amounts are deducted, and then adding, in practice, 3 percent of the individual's earned income, although the statutes provide that 3.5 percent of the individual's earned income is to be added. DHS may waive any premiums that are calculated to be below \$10 per month, although, in practice, DHS waives any premiums below \$25 per month. In addition, DHS is prohibited from assessing a premium to an individual whose earned and unearned income is below 150 percent of the poverty line for a family the size of the individual's family, and, in practice, DHS uses the individual's total earned and unearned income. Under the bill, an individual whose total earned and unearned income is at least 150 percent of the poverty line for an individual is required to pay a premium. The premium payable is equal to 3 percent of the individual's total earned and unearned income, after deducting the same specified amounts that are deducted under current law from an individual's unearned income, and rounded down to the nearest \$25. A minimum monthly premium of \$50 is set, however, for anyone whose premium calculation is below that amount.

Finally, certain MA programs consider an individual's income and assets when determining eligibility and any cost-sharing requirements for the program. The bill requires DHS to exclude, to the extent approved by the federal government, independence accounts and retirement benefits that accumulated or were earned through employment income or employer contributions while the individual was employed and receiving MA coverage under MAPP when determining eligibility or cost-sharing requirements under various MA programs, including Family Care and MAPP, except that independence accounts are already excluded under current law with respect to MAPP.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

- 1        **SECTION 1.** 46.286 (1m) of the statutes is created to read:
- 2        **46.286 (1m) ASSETS EXCLUDED.** For purposes of determining a person's financial
- 3        eligibility under sub. (1) (b) and cost-sharing requirements under sub. (2), to the

1 extent approved by the federal government, the department or its designee shall  
2 exclude any assets accumulated in an independence account, as defined in s. 49.472  
3 (1) (c), and any retirement benefits earned or accumulated from employment income  
4 or employer contributions while the person was employed and eligible for and  
5 receiving medical assistance under s. 49.472.

6 **SECTION 2.** 49.46 (1) (em) of the statutes is created to read:

7 49.46 (1) (em) For purposes of determining the eligibility and any cost-sharing  
8 requirements of an individual under par. (a) 6m., 14., or 14m., (d) 2., or (e), to the  
9 extent approved by the federal government, the department shall exclude any assets  
10 accumulated in an independence account, as defined in s. 49.472 (1) (c), and any  
11 retirement benefits earned or accumulated from employment income or employer  
12 contributions while the individual was employed and eligible for and receiving  
13 medical assistance under s. 49.472.

14 **SECTION 3.** 49.468 (1) (d) of the statutes is amended to read:

15 49.468 (1) (d) Benefits under par. (b) or (c) are available for an individual who  
16 has resources that are equal to or less than 200% of the allowable resources as  
17 determined under 42 USC 1381 to 1385, excluding, to the extent approved by the  
18 federal government, any assets accumulated in an independence account, as defined  
19 in s. 49.472 (1) (c), and any retirement benefits earned or accumulated from income  
20 or employer contributions while the individual was employed and eligible for and  
21 receiving medical assistance under s. 49.472, and who has income that is equal to or  
22 less than 100% of the poverty line.

23 **SECTION 4.** 49.468 (1m) (b) of the statutes is amended to read:

24 49.468 (1m) (b) Benefits under par. (a) are available for an individual who has  
25 resources that are equal to or less than 200% of the allowable resources determined

1     under 42 USC 1381 to 1385, excluding, to the extent approved by the federal  
2     government, any assets accumulated in an independence account, as defined in s.  
3     49.472 (1) (c), and any retirement benefits earned or accumulated from income or  
4     employer contributions while the individual was employed and eligible for and  
5     receiving medical assistance under s. 49.472, and who has income that is greater  
6     than 100% of the poverty line but less than 120% of the poverty line.

7           **SECTION 5.** 49.468 (2) (b) of the statutes is amended to read:

8           49.468 (2) (b) Benefits under par. (a) are available for an individual who has  
9     resources that are equal to or less than 200% of the allowable resources under 42  
10    USC 1381 to 1385, excluding, to the extent approved by the federal government, any  
11    assets accumulated in an independence account, as defined in s. 49.472 (1) (c), and  
12    any retirement benefits earned or accumulated from income or employer  
13    contributions while the individual was employed and eligible for and receiving  
14    medical assistance under s. 49.472, and who has income that is equal to or less than  
15    200% of the poverty line.

16          **SECTION 6.** 49.472 (3) (a) of the statutes is amended to read:

17          49.472 (3) (a) The individual's family's and his or her spouse's total net earned  
18    and unearned income is less than 250% of the poverty line for a family the size of the  
19    individual's family. In calculating the net earned and unearned income, the  
20    department shall apply all of the exclusions specified under 42 USC 1382a (b) and  
21    shall exclude up to \$500 per month of the individual's out-of-pocket medical and  
22    remedial expenses and long-term care costs, if any.

23          **SECTION 7.** 49.472 (3) (b) of the statutes is amended to read:

24          49.472 (3) (b) The individual's assets do not exceed \$15,000. In determining  
25    assets, the department may not include assets that are excluded from the resource

1 calculation under 42 USC 1382b (a) ~~or~~; assets accumulated in an independence  
2 account; or, to the extent approved by the federal government, retirement benefits  
3 earned or accumulated from income or employer contributions while the individual  
4 was employed and eligible for and receiving medical assistance under this section.

5 The department may exclude, in whole or in part, the value of a vehicle used by the  
6 individual for transportation to paid employment.

7 **SECTION 8.** 49.472 (3) (f) of the statutes is amended to read:

8 49.472 (3) (f) The individual, if required to pay a premium under sub. (4) (a)  
9 1., maintains premium payments calculated by the department in accordance with  
10 sub. (4), unless the individual is exempted from premium payments under sub. (4)  
11 (b) or (5).

12 **SECTION 9.** 49.472 (3m) of the statutes is created to read:

13 49.472 (3m) VERIFYING INCOME. The department shall verify income from work  
14 activity under sub. (3) (a) and (g) through documentation provided by the individual.  
15 The department shall require that, for an individual to be engaged in gainful  
16 employment under sub. (3) (g), the individual must be working and paying, or having  
17 withheld, federal social security and Medicare taxes and other applicable state or  
18 federal income taxes. The department shall require that the individual provide  
19 documentation of payment or withholding of income taxes on earned income.

20 **SECTION 10.** 49.472 (4) (a) (intro.) of the statutes is repealed.

21 **SECTION 11.** 49.472 (4) (a) 1. of the statutes is repealed and recreated to read:

22 49.472 (4) (a) 1. An individual who is eligible for medical assistance under sub.  
23 (3) and receives medical assistance shall pay a monthly premium to the department  
24 if the individual's total earned and unearned income is equal to at least 150 percent  
25 of the poverty line for an individual.

1 SECTION 12. 49.472 (4) (a) 1m. of the statutes is created to read:

2 49.472 (4) (a) 1m. Except as provided in par. (b), the premium required under  
3 subd. 1. shall be equal to 3 percent of the individual's total earned and unearned  
4 income, after the deductions specified in subd. 2., rounded down to the nearest \$25.

5 SECTION 13. 49.472 (4) (a) 2. (intro.) of the statutes is amended to read:

6 49.472 (4) (a) 2. (intro.) In determining an individual's total earned and  
7 unearned income under subd. 1. 1m., the department shall disregard all of the  
8 following:

9 SECTION 14. 49.472 (4) (a) 2m. of the statutes is repealed.

10 SECTION 15. 49.472 (4) (a) 3. of the statutes is amended to read:

11 49.472 (4) (a) 3. The Subject to par. (b), the department may reduce the  
12 premium by 25% for an individual who is covered by private health insurance.

13 SECTION 16. 49.472 (4) (b) of the statutes is amended to read:

14 49.472 (4) (b) ~~The department may waive monthly premiums that are~~  
15 ~~calculated to be below \$10~~ minimum premium payable by an individual specified in  
16 par. (a) 1. is \$50 per month. Unless otherwise provided by the department by a policy  
17 created under s. 49.45 (2m) (c), the department may not assess a monthly premium  
18 for any individual whose ~~income level, after adding the individual's total~~ earned  
19 ~~income and unearned income, is below 150% of the poverty line~~ for an individual.

20 SECTION 17. 49.472 (4) (b) of the statutes, as affected by 2011 Wisconsin Act 32,  
21 is amended to read:

22 49.472 (4) (b) ~~The department may waive monthly premiums that are~~  
23 ~~calculated to be below \$10~~ minimum premium payable by an individual specified in  
24 par. (a) 1. is \$50 per month. The department may not assess a monthly premium for

any individual whose income level, after adding the individual's total earned income and unearned income, is below 150% of the poverty line for an individual.

**SECTION 18.** 49.472 (5) of the statutes is amended to read:

49.472 (5) COMMUNITY OPTIONS PARTICIPANTS. From the appropriation under s. 20.435 (7) (bd), the department may pay all or a portion of the monthly premium calculated under sub. (4) (a) for an individual who is a participant in the community options program under s. 46.27 (11).

**SECTION 9118. Nonstatutory provisions; Health Services.**

(1) ELIGIBILITY AND PREMIUMS UNDER THE MEDICAL ASSISTANCE PURCHASE PLAN.

(a) *Notification of federal approval.* The department of health services shall request from the federal government approval of the treatment of sections 49.472 (3)

(a), (b), and (f), (3m), (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., or 3. and (b) (by SECTIONS 16 and 17), and (5) by this act, and shall notify the legislative reference bureau of the

date on which each provision is approved. The legislative reference bureau shall

publish a notice in the Wisconsin Administrative Register that states the date on

which each provision was approved.

(b) *Void provisions.* Notwithstanding SECTION 9418 (1) and (3) of this act, if, by

January 1, 2016, the department of health services has not notified the legislative

reference bureau under paragraph (a) that federal approval has been given with

respect to the treatment of section 49.472 (3) (a), (b), or (f), (3m), (4) (a) (intro.), 1.,

1m., 2. (intro.), 2m., or 3. or (b) (by SECTIONS 16 and 17), or (5) of the statutes by this

act, that treatment is void.

\*\*\*NOTE: I have somewhat arbitrarily chosen December 1, 2114 as the date by which federal approval must be given or the changes are void. Let me know if you want a different date.

**SECTION 9318. Initial applicability; Health Services.**

(1) ELIGIBILITY FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of section 49.472 (3) (a), (b), and (f) and (3m) of the statutes first applies to individuals who apply for the Medical Assistance purchase plan, or whose continued eligibility for the Medical Assistance purchase plan is reviewed, on the effective date of this subsection.

(2) ELIGIBILITY FOR CERTAIN MEDICAL ASSISTANCE PROGRAMS.

(a) *Family care*. The treatment of section 46.286 (1m) of the statutes first applies to individuals who apply for the family care benefit, or whose continued eligibility for the family care benefit is reviewed, on the effective date of this paragraph.

(b) *Medical Assistance*. The treatment of <sup>sections</sup> ~~section~~ 49.46 (1) (em) <sup>and 49.472(3)(b)</sup> of the statutes first applies to individuals who apply for Medical Assistance, or whose continued eligibility for Medical Assistance is reviewed, on the effective date of this paragraph.

(c) *Medicare buy-in*. The treatment of section 49.468 (1) (d), (1m) (b), and (2) (b) of the statutes first applies to individuals who apply for the expanded medicare buy-in program, or whose continued eligibility for the expanded medicare buy-in program is reviewed, on the effective date of this paragraph.

<sup>auto ref B</sup> (3) PREMIUMS FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of section 49.472 (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTION 16) and (5) of the statutes first applies to premiums for the Medical Assistance purchase plan that are payable on the effective date of this subsection.

#### SECTION 9418. Effective dates; Health Services.

<sup>auto ref B</sup> (1) ELIGIBILITY AND PREMIUMS FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of sections 49.472 (3) (a), (b), and (f), (3m), (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTION 16), and (5) of the statutes and SECTION 9318 (1) of

or the Medical Assistance purchase plan

and (3)  
auto ref B

1 this act take effect on January 1, 2014, or on the date stated in the Wisconsin  
2 Administrative Register under SECTION 9118 (1) (a), whichever is later.

3 (2) ELIGIBILITY FOR CERTAIN MEDICAL ASSISTANCE PROGRAMS. The treatment of  
4 sections 46.286 (1m), 46.46 (1) (em), 49.468 (1) (d), (1m) (b), and (2) (b) of the statutes  
5 and SECTION 9318 (2) of this act take effect on January 1, 2014.

\*\*\*\*NOTE: I don't believe that the retirement assets exclusions need a contingent effective date since the language in the statute says "to the extent approved by the federal government."

6 (3) TERMINATION OF DEPARTMENT POLICIES. The treatment of section 49.472 (4)  
7 (b) (by SECTION 17) of the statutes takes effect on January 1, 2015.

8

(END)

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, or on the day after  
publication of the notice  
of approval of treatment  
of section 49.472 (4) (b) (by  
SECTION 16) of the statutes,  
whichever is later

A.R.  
Carrot

and 49.472 (3) (b)

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autogy A

1 SECTION 1. 49.472 (4) (b) of the statutes, as affected by 2011 Wisconsin Act 32

2 and 2013 Wisconsin Act .... (this act), is repealed and recreated to read:

3 49.472 (4) (b) The ~~department may waive monthly premiums that are~~

4 ~~calculated to be below \$10 minimum premium payable by an individual specified in~~ ← plain

5 par. (a) 1. is \$50 per month. The department may not assess a monthly premium for

6 any individual whose ~~income level, after adding the individual's total earned income~~ ← plain

7 and unearned income is below 150% of the poverty line for an individual. ← plain

(END OF INSERT 7-2)

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A.R. pleas

8 1. Notwithstanding SECTION 9418 (1) of this act, if, by January 1, 2015, the

9 department of health services has not notified the legislative reference bureau under

10 paragraph (a) that federal approval has been given with respect to the treatment of

11 section 49.472 (4) (b) (by SECTION 16) of the statutes by this act, that treatment is void.

12 CH 2.

A.R. carrot

(END OF INSERT 7-17)



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-1096/P2  
PJK:sac&eev:if

revision

DOA:.....Iwata, BB0356 – Reducing work disincentives under MAPP

**FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION**

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AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**MEDICAL ASSISTANCE**

Under current law, an individual who would be eligible for the Medical Assistance (MA) program based on eligibility for supplemental security income (SSI), but who is not eligible for SSI because he or she is employed and has too much earned and unearned income to be eligible, may pay premiums for coverage under MA if his or her family's net income is less than 250 percent of the poverty line and his or her assets do not exceed \$15,000, excluding certain assets. This program is known as the MA purchase plan (MAPP). When determining the value of the individual's assets for continued eligibility under MAPP, DHS excludes amounts in a DHS-approved account that consists solely of savings from the individual's employment after the individual's coverage under MAPP began. These accounts are known as "independence accounts."

This bill makes a number of changes to the eligibility and premium requirements under MAPP. Under current law, when determining whether an individual's net income is less than 250 percent of the poverty line, certain disregards are deducted from the individual's and his or her spouse's total earned income, then the individual's and his or her spouse's total unearned income is added, and then another general disregard is deducted. Under the bill, the same disregards as under current law are deducted from the individual's and his or her spouse's total earned

and unearned income, then a new deduction of up to \$500 per month of the individual's out-of-pocket medical and remedial expenses and long-term care costs is applied, and then the same general disregard as under current law is deducted. The bill also requires DHS to verify an individual's income from work activities through documentation provided by the individual, and requires that, to be engaged in gainful employment, an individual must be paying, or having withheld, certain taxes and must document that payment or withholding to DHS.

Premiums for MA coverage under MAPP are calculated for an individual by adding together all of the individual's unearned income, after certain specified amounts are deducted, and then adding, in practice, 3 percent of the individual's earned income, although the statutes provide that 3.5 percent of the individual's earned income is to be added. DHS may waive any premiums that are calculated to be below \$10 per month, although, in practice, DHS waives any premiums below \$25 per month. In addition, DHS is prohibited from assessing a premium to an individual whose earned and unearned income is below 150 percent of the poverty line for a family the size of the individual's family, and, in practice, DHS uses the individual's total earned and unearned income. Under the bill, an individual whose total earned and unearned income is at least 150 percent of the poverty line for an individual is required to pay a premium. The premium payable is equal to 3 percent of the individual's total earned and unearned income, after deducting the same specified amounts that are deducted under current law from an individual's unearned income, and rounded down to the nearest \$25. A minimum monthly premium of \$50 is set, however, for anyone whose premium calculation is below that amount.

Finally, certain MA programs consider an individual's income and assets when determining eligibility and any cost-sharing requirements for the program. The bill requires DHS to exclude, to the extent approved by the federal government, independence accounts and retirement benefits that accumulated or were earned through employment income or employer contributions while the individual was employed and receiving MA coverage under MAPP when determining eligibility or cost-sharing requirements under various MA programs, including Family Care and MAPP, except that independence accounts are already excluded under current law with respect to MAPP.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

- 1           **SECTION 1.** 46.286 (1m) of the statutes is created to read:
- 2           46.286 (1m) ASSETS EXCLUDED. For purposes of determining a person's financial
- 3           eligibility under sub. (1) (b) and cost-sharing requirements under sub. (2), to the

1 extent approved by the federal government, the department or its designee shall  
2 exclude any assets accumulated in an independence account, as defined in s. 49.472  
3 (1) (c), and any retirement benefits earned or accumulated from employment income  
4 or employer contributions while the person was employed and eligible for and  
5 receiving medical assistance under s. 49.472.

6 **SECTION 2.** 49.46 (1) (em) of the statutes is created to read:

7 49.46 (1) (em) For purposes of determining the eligibility and any cost-sharing  
8 requirements of an individual under par. (a) 6m., 14., or 14m., (d) 2., or (e), to the  
9 extent approved by the federal government, the department shall exclude any assets  
10 accumulated in an independence account, as defined in s. 49.472 (1) (c), and any  
11 retirement benefits earned or accumulated from employment income or employer  
12 contributions while the individual was employed and eligible for and receiving  
13 medical assistance under s. 49.472.

14 **SECTION 3.** 49.468 (1) (d) of the statutes is amended to read:

15 49.468 (1) (d) Benefits under par. (b) or (c) are available for an individual who  
16 has resources that are equal to or less than 200% of the allowable resources as  
17 determined under 42 USC 1381 to 1385, excluding, to the extent approved by the  
18 federal government, any assets accumulated in an independence account, as defined  
19 in s. 49.472 (1) (c), and any retirement benefits earned or accumulated from income  
20 or employer contributions while the individual was employed and eligible for and  
21 receiving medical assistance under s. 49.472, and who has income that is equal to or  
22 less than 100% of the poverty line.

23 **SECTION 4.** 49.468 (1m) (b) of the statutes is amended to read:

24 49.468 (1m) (b) Benefits under par. (a) are available for an individual who has  
25 resources that are equal to or less than 200% of the allowable resources determined

1 under 42 USC 1381 to 1385, excluding, to the extent approved by the federal  
2 government, any assets accumulated in an independence account, as defined in s.  
3 49.472 (1) (c), and any retirement benefits earned or accumulated from income or  
4 employer contributions while the individual was employed and eligible for and  
5 receiving medical assistance under s. 49.472, and who has income that is greater  
6 than 100% of the poverty line but less than 120% of the poverty line.

7 **SECTION 5.** 49.468 (2) (b) of the statutes is amended to read:

8 49.468 (2) (b) Benefits under par. (a) are available for an individual who has  
9 resources that are equal to or less than 200% of the allowable resources under 42  
10 USC 1381 to 1385, excluding, to the extent approved by the federal government, any  
11 assets accumulated in an independence account, as defined in s. 49.472 (1) (c), and  
12 any retirement benefits earned or accumulated from income or employer  
13 contributions while the individual was employed and eligible for and receiving  
14 medical assistance under s. 49.472, and who has income that is equal to or less than  
15 200% of the poverty line.

16 **SECTION 6.** 49.472 (3) (a) of the statutes is amended to read:

17 49.472 (3) (a) The individual's family's and his or her spouse's total net earned  
18 and unearned income is less than 250% of the poverty line for a family the size of the  
19 individual's family. In calculating the net earned and unearned income, the  
20 department shall apply all of the exclusions specified under 42 USC 1382a (b) and  
21 shall exclude up to \$500 per month of the individual's out-of-pocket medical and  
22 remedial expenses and long-term care costs, if any.

23 **SECTION 7.** 49.472 (3) (b) of the statutes is amended to read:

24 49.472 (3) (b) The individual's assets do not exceed \$15,000. In determining  
25 assets, the department may not include assets that are excluded from the resource

1 calculation under 42 USC 1382b (a) ~~or~~; assets accumulated in an independence  
2 account; or, to the extent approved by the federal government, retirement benefits  
3 earned or accumulated from income or employer contributions while the individual  
4 was employed and eligible for and receiving medical assistance under this section.

5 The department may exclude, in whole or in part, the value of a vehicle used by the  
6 individual for transportation to paid employment.

7 **SECTION 8.** 49.472 (3) (f) of the statutes is amended to read:

8 49.472 (3) (f) The individual, if required to pay a premium under sub. (4) (a)  
9 1., maintains premium payments calculated ~~by the department~~ in accordance with  
10 sub. (4), unless the individual is exempted from premium payments under sub. (4)  
11 (b) ~~or~~ (5).

12 **SECTION 9.** 49.472 (3m) of the statutes is created to read:

13 49.472 (3m) VERIFYING INCOME. The department shall verify income from work  
14 activity under sub. (3) (a) and (g) through documentation provided by the individual.  
15 The department shall require that, for an individual to be engaged in gainful  
16 employment under sub. (3) (g), the individual must be working and paying, or having  
17 withheld, federal social security and Medicare taxes and other applicable state or  
18 federal income taxes. The department shall require that the individual provide  
19 documentation of payment or withholding of income taxes on earned income.

20 **SECTION 10.** 49.472 (4) (a) (intro.) of the statutes is repealed.

21 **SECTION 11.** 49.472 (4) (a) 1. of the statutes is repealed and recreated to read:

22 49.472 (4) (a) 1. An individual who is eligible for medical assistance under sub.  
23 (3) and receives medical assistance shall pay a monthly premium to the department  
24 if the individual's total earned and unearned income is equal to at least 150 percent  
25 of the poverty line for an individual.

1           **SECTION 12.** 49.472 (4) (a) 1m. of the statutes is created to read:

2           49.472 (4) (a) 1m. Except as provided in par. (b), the premium required under  
3           subd. 1. shall be equal to 3 percent of the individual's total earned and unearned  
4           income, after the deductions specified in subd. 2., rounded down to the nearest \$25.

5           **SECTION 13.** 49.472 (4) (a) 2. (intro.) of the statutes is amended to read:

6           49.472 (4) (a) 2. (intro.) In determining an individual's total earned and  
7           unearned income under subd. 1. 1m., the department shall disregard all of the  
8           following:

9           **SECTION 14.** 49.472 (4) (a) 2m. of the statutes is repealed.

10          **SECTION 15.** 49.472 (4) (a) 3. of the statutes is amended to read:

11          49.472 (4) (a) 3. The Subject to par. (b), the department may reduce the  
12          premium by 25% for an individual who is covered by private health insurance.

13          **SECTION 16.** 49.472 (4) (b) of the statutes is amended to read:

14          49.472 (4) (b) ~~The department may waive monthly premiums that are~~  
15          ~~calculated to be below \$10~~ minimum premium payable by an individual specified in  
16          par. (a) 1. is \$50 per month. Unless otherwise provided by the department by a policy  
17          created under s. 49.45 (2m) (c), the department may not assess a monthly premium  
18          for any individual whose ~~income level, after adding the individual's total~~ earned  
19          ~~income and unearned income,~~ is below 150% of the poverty line for an individual.

20          **SECTION 17.** 49.472 (4) (b) of the statutes, as affected by 2011 Wisconsin Act 32  
21          and 2013 Wisconsin Act .... (this act), is repealed and recreated to read:

22          49.472 (4) (b) The minimum premium payable by an individual specified in par.  
23          (a) 1. is \$50 per month. The department may not assess a monthly premium for any  
24          individual whose total earned and unearned income is below (150%) of the poverty line  
25          for an individual.

150 percent

1           **SECTION 18.** 49.472 (5) of the statutes is amended to read:

2           49.472 (5) COMMUNITY OPTIONS PARTICIPANTS. From the appropriation under s.  
3           20.435 (7) (bd), the department may pay all or a portion of the monthly premium  
4           calculated under sub. (4) (a) for an individual who is a participant in the community  
5           options program under s. 46.27 (11).

6           **SECTION 9118. Nonstatutory provisions; Health Services.**

7           <sup>auto ref B ↓</sup> (1) ELIGIBILITY AND PREMIUMS UNDER THE MEDICAL ASSISTANCE PURCHASE PLAN.  
8           <sup>auto ref C ↓</sup> (a) *Notification of federal approval.* The department of health services shall  
9           request from the federal government approval of the treatment of sections 49.472 (3)  
10          (a) and (f), (3m), (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., <sup>and</sup> 3. and (b) (by SECTIONS 16  
11          and 17), and (5) <sup>of the statutes</sup> by this act, and shall notify the legislative reference bureau when  
12          each provision is approved. The legislative reference bureau shall publish each  
13          notice in the Wisconsin Administrative Register.

14          (b) *Void provisions.* 1. Notwithstanding SECTION 9418 (1) of this act, if, by  
15          January 1, 2015, the department of health services has not notified the legislative  
16          reference bureau under paragraph (a) that federal approval has been given with  
17          respect to the treatment of section 49.472 (4) (b) (by SECTION 16) of the statutes by  
18          this act, that treatment is void.

19          2. Notwithstanding SECTION 9418 (1) and (3) of this act, if, by January 1, 2016,  
20          the department of health services has not notified the legislative reference bureau  
21          under paragraph (a) that federal approval has been given with respect to the  
22          treatment of section 49.472 (3) (a) or (f), (3m), (4) (a) (intro.), 1., 1m., 2. (intro.), 2m.,  
23          or 3. or (b) (by SECTIONS 17), or (5) of the statutes by this act, that treatment is void.

24          **SECTION 9318. Initial applicability; Health Services.**

(1) ELIGIBILITY FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of section 49.472 (3) (a) and (f) and (3m) of the statutes first applies to individuals who apply for the Medical Assistance purchase plan, or whose continued eligibility for the Medical Assistance purchase plan is reviewed, on the effective date of this subsection.

(2) ELIGIBILITY FOR CERTAIN MEDICAL ASSISTANCE PROGRAMS.

(a) *Family care*. The treatment of section 46.286 (1m) of the statutes first applies to individuals who apply for the family care benefit, or whose continued eligibility for the family care benefit is reviewed, on the effective date of this paragraph.

(b) *Medical Assistance*. The treatment of sections 49.46 (1) (em) and 49.472 (3) (b) of the statutes first applies to individuals who apply for Medical Assistance or the Medical Assistance purchase plan, or whose continued eligibility for Medical Assistance or the Medical Assistance purchase plan is reviewed, on the effective date of this paragraph.

(c) *Medicare buy-in*. The treatment of section 49.468 (1) (d), (1m) (b), and (2) (b) of the statutes first applies to individuals who apply for the expanded medicare buy-in program, or whose continued eligibility for the expanded medicare buy-in program is reviewed, on the effective date of this paragraph.

auto ref P

(3) PREMIUMS FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of

section 49.472 (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTION 16) and (5) of the statutes first applies to premiums for the Medical Assistance purchase plan that are payable on the effective date of this subsection.

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SECTION 9418. Effective dates; Health Services.

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(1) ELIGIBILITY AND PREMIUMS FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of sections 49.472 (3) (a) and (f), (3m), (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTION 16), and (5) of the statutes and SECTION 9318 (1) and (3) of this act take effect on January 1, 2014, or on the day after publication of the notice of approval in the Wisconsin Administrative Register under SECTION 9118 (1) (a) whichever is later.

(2) ELIGIBILITY FOR CERTAIN MEDICAL ASSISTANCE PROGRAMS. The treatment of sections 46.286 (1m), 46.46 (1) (em), 49.468 (1) (d), (1m) (b), and (2) (b), and 49.472 (3) (b) of the statutes and SECTION 9318 (2) of this act take effect on January 1, 2014.

\*\*\*NOTE: I don't believe that the retirement assets exclusions need a contingent effective date since the language in the statute says "to the extent approved by the federal government."

(3) TERMINATION OF DEPARTMENT POLICIES. The treatment of section 49.472 (4) (b) (by SECTION 17) of the statutes takes effect on January 1, 2015, or on the day after publication of the notice of approval of the treatment of section 49.472 (4) (b) (by SECTION 16) of the statutes, whichever is later.

(END)

in the Wisconsin Administrative Register under SECTION 9118 (1) (a) of this act

and SECTION 9318 (3) (b) of this act take

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- 1 (a) The treatment of section 49.472 (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and  
2 3. and (b) (by SECTION ~~(NO TAG)~~) and (5) of the statutes first applies to premiums for  
3 the Medical Assistance purchase plan that are payable on the effective date of this  
4 paragraph.

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State of Wisconsin  
2013 - 2014 LEGISLATURE



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DOA:.....Iwata, BB0356 - Reducing work disincentives under MAPP

**FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION**

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1 AN ACT relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**MEDICAL ASSISTANCE**

Under current law, an individual who would be eligible for the Medical Assistance (MA) program based on eligibility for supplemental security income (SSI), but who is not eligible for SSI because he or she is employed and has too much earned and unearned income to be eligible, may pay premiums for coverage under MA if his or her family's net income is less than 250 percent of the poverty line and his or her assets do not exceed \$15,000, excluding certain assets. This program is known as the MA purchase plan (MAPP). When determining the value of the individual's assets for continued eligibility under MAPP, DHS excludes amounts in a DHS-approved account that consists solely of savings from the individual's employment after the individual's coverage under MAPP began. These accounts are known as "independence accounts."

This bill makes a number of changes to the eligibility and premium requirements under MAPP. Under current law, when determining whether an individual's net income is less than 250 percent of the poverty line, certain disregards are deducted from the individual's and his or her spouse's total earned income, then the individual's and his or her spouse's total unearned income is added, and then another general disregard is deducted. Under the bill, the same disregards as under current law are deducted from the individual's and his or her spouse's total earned

and unearned income, then a new deduction of up to \$500 per month of the individual's out-of-pocket medical and remedial expenses and long-term care costs is applied, and then the same general disregard as under current law is deducted. The bill also requires DHS to verify an individual's income from work activities through documentation provided by the individual, and requires that, to be engaged in gainful employment, an individual must be paying, or having withheld, certain taxes and must document that payment or withholding to DHS.

Premiums for MA coverage under MAPP are calculated for an individual by adding together all of the individual's unearned income, after certain specified amounts are deducted, and then adding, in practice, 3 percent of the individual's earned income, although the statutes provide that 3.5 percent of the individual's earned income is to be added. DHS may waive any premiums that are calculated to be below \$10 per month, although, in practice, DHS waives any premiums below \$25 per month. In addition, DHS is prohibited from assessing a premium to an individual whose earned and unearned income is below 150 percent of the poverty line for a family the size of the individual's family, and, in practice, DHS uses the individual's total earned and unearned income. Under the bill, an individual whose total earned and unearned income is at least 150 percent of the poverty line for an individual is required to pay a premium. The premium payable is equal to 3 percent of the individual's total earned and unearned income, after deducting the same specified amounts that are deducted under current law from an individual's unearned income, and rounded down to the nearest \$25. A minimum monthly premium of \$50 is set, however, for anyone whose premium calculation is below that amount.

Finally, certain MA programs consider an individual's income and assets when determining eligibility and any cost-sharing requirements for the program. The bill requires DHS to exclude, to the extent approved by the federal government, independence accounts and retirement benefits that accumulated or were earned through employment income or employer contributions while the individual was employed and receiving MA coverage under MAPP when determining eligibility or cost-sharing requirements under various MA programs, including Family Care and MAPP, except that independence accounts are already excluded under current law with respect to MAPP.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

- 1           **SECTION 1.** 46.286 (1m) of the statutes is created to read:
- 2           **46.286 (1m) ASSETS EXCLUDED.** For purposes of determining a person's financial
- 3           eligibility under sub. (1) (b) and cost-sharing requirements under sub. (2), to the

1 extent approved by the federal government, the department or its designee shall  
2 exclude any assets accumulated in an independence account, as defined in s. 49.472  
3 (1) (c), and any retirement benefits earned or accumulated from employment income  
4 or employer contributions while the person was employed and eligible for and  
5 receiving medical assistance under s. 49.472.

6 **SECTION 2.** 49.46 (1) (em) of the statutes is created to read:

7 49.46 (1) (em) For purposes of determining the eligibility and any cost-sharing  
8 requirements of an individual under par. (a) 6m., 14., or 14m., (d) 2., or (e), to the  
9 extent approved by the federal government, the department shall exclude any assets  
10 accumulated in an independence account, as defined in s. 49.472 (1) (c), and any  
11 retirement benefits earned or accumulated from employment income or employer  
12 contributions while the individual was employed and eligible for and receiving  
13 medical assistance under s. 49.472.

14 **SECTION 3.** 49.468 (1) (d) of the statutes is amended to read:

15 49.468 (1) (d) Benefits under par. (b) or (c) are available for an individual who  
16 has resources that are equal to or less than 200% of the allowable resources as  
17 determined under 42 USC 1381 to 1385, excluding, to the extent approved by the  
18 federal government, any assets accumulated in an independence account, as defined  
19 in s. 49.472 (1) (c), and any retirement benefits earned or accumulated from income  
20 or employer contributions while the individual was employed and eligible for and  
21 receiving medical assistance under s. 49.472, and who has income that is equal to or  
22 less than 100% of the poverty line.

23 **SECTION 4.** 49.468 (1m) (b) of the statutes is amended to read:

24 49.468 (1m) (b) Benefits under par. (a) are available for an individual who has  
25 resources that are equal to or less than 200% of the allowable resources determined

1 under 42 USC 1381 to 1385, excluding, to the extent approved by the federal  
2 government, any assets accumulated in an independence account, as defined in s.  
3 49.472 (1) (c), and any retirement benefits earned or accumulated from income or  
4 employer contributions while the individual was employed and eligible for and  
5 receiving medical assistance under s. 49.472, and who has income that is greater  
6 than 100% of the poverty line but less than 120% of the poverty line.

7 **SECTION 5.** 49.468 (2) (b) of the statutes is amended to read:

8 49.468 (2) (b) Benefits under par. (a) are available for an individual who has  
9 resources that are equal to or less than 200% of the allowable resources under 42  
10 USC 1381 to 1385, excluding, to the extent approved by the federal government, any  
11 assets accumulated in an independence account, as defined in s. 49.472 (1) (c), and  
12 any retirement benefits earned or accumulated from income or employer  
13 contributions while the individual was employed and eligible for and receiving  
14 medical assistance under s. 49.472, and who has income that is equal to or less than  
15 200% of the poverty line.

16 **SECTION 6.** 49.472 (3) (a) of the statutes is amended to read:

17 49.472 (3) (a) The individual's family's and his or her spouse's total net earned  
18 and unearned income is less than 250% of the poverty line for a family the size of the  
19 individual's family. In calculating the net earned and unearned income, the  
20 department shall apply all of the exclusions specified under 42 USC 1382a (b) and  
21 shall exclude up to \$500 per month of the individual's out-of-pocket medical and  
22 remedial expenses and long-term care costs, if any.

23 **SECTION 7.** 49.472 (3) (b) of the statutes is amended to read:

24 49.472 (3) (b) The individual's assets do not exceed \$15,000. In determining  
25 assets, the department may not include assets that are excluded from the resource

1 calculation under 42 USC 1382b (a) ~~or; assets accumulated in an independence~~  
2 ~~account; or, to the extent approved by the federal government, retirement benefits~~  
3 ~~earned or accumulated from income or employer contributions while the individual~~  
4 ~~was employed and eligible for and receiving medical assistance under this section.~~

5 The department may exclude, in whole or in part, the value of a vehicle used by the  
6 individual for transportation to paid employment.

7 **SECTION 8.** 49.472 (3) (f) of the statutes is amended to read:

8 49.472 (3) (f) The individual, if required to pay a premium under sub. (4) (a)  
9 1., maintains premium payments calculated by the department in accordance with  
10 sub. (4), unless the individual is exempted from premium payments under sub. (4)  
11 (b) or (5).

12 **SECTION 9.** 49.472 (3m) of the statutes is created to read:

13 49.472 (3m) VERIFYING INCOME. The department shall verify income from work  
14 activity under sub. (3) (a) and (g) through documentation provided by the individual.  
15 The department shall require that, for an individual to be engaged in gainful  
16 employment under sub. (3) (g), the individual must be working and paying, or having  
17 withheld, federal social security and Medicare taxes and other applicable state or  
18 federal income taxes. The department shall require that the individual provide  
19 documentation of payment or withholding of income taxes on earned income.

20 **SECTION 10.** 49.472 (4) (a) (intro.) of the statutes is repealed.

21 **SECTION 11.** 49.472 (4) (a) 1. of the statutes is repealed and recreated to read:

22 49.472 (4) (a) 1. An individual who is eligible for medical assistance under sub.  
23 (3) and receives medical assistance shall pay a monthly premium to the department  
24 if the individual's total earned and unearned income is equal to at least 150 percent  
25 of the poverty line for an individual.

1           **SECTION 12.** 49.472 (4) (a) 1m. of the statutes is created to read:

2           49.472 (4) (a) 1m. Except as provided in par. (b), the premium required under  
3           subd. 1. shall be equal to 3 percent of the individual's total earned and unearned  
4           income, after the deductions specified in subd. 2., rounded down to the nearest \$25.

5           **SECTION 13.** 49.472 (4) (a) 2. (intro.) of the statutes is amended to read:

6           49.472 (4) (a) 2. (intro.) In determining an individual's total earned and  
7           unearned income under subd. 1. 1m., the department shall disregard all of the  
8           following:

9           **SECTION 14.** 49.472 (4) (a) 2m. of the statutes is repealed.

10          **SECTION 15.** 49.472 (4) (a) 3. of the statutes is amended to read:

11          49.472 (4) (a) 3. The Subject to par. (b), the department may reduce the  
12          premium by 25% for an individual who is covered by private health insurance.

13          **SECTION 16.** 49.472 (4) (b) of the statutes is amended to read:

14          49.472 (4) (b) ~~The department may waive monthly premiums that are~~  
15          ~~calculated to be below \$10~~ minimum premium payable by an individual specified in  
16          par. (a) 1. is \$50 per month. Unless otherwise provided by the department by a policy  
17          created under s. 49.45 (2m) (c), the department may not assess a monthly premium  
18          for any individual whose income level, ~~after adding the individual's total~~ earned  
19          income and unearned income, is below 150% of the poverty line for an individual.

20          **SECTION 17.** 49.472 (4) (b) of the statutes, as affected by 2011 Wisconsin Act 32  
21          and 2013 Wisconsin Act .... (this act), is repealed and recreated to read:

22          49.472 (4) (b) The minimum premium payable by an individual specified in par.  
23          (a) 1. is \$50 per month. The department may not assess a monthly premium for any  
24          individual whose total earned and unearned income is below 150 percent of the  
25          poverty line for an individual.

1           **SECTION 18.** 49.472 (5) of the statutes is amended to read:

2           49.472 (5) COMMUNITY OPTIONS PARTICIPANTS. From the appropriation under s.  
3           20.435 (7) (bd), the department may pay all or a portion of the monthly premium  
4           calculated under sub. (4) (a) for an individual who is a participant in the community  
5           options program under s. 46.27 (11).

6           **SECTION 9118. Nonstatutory provisions; Health Services.**

7           (1) ELIGIBILITY AND PREMIUMS UNDER THE MEDICAL ASSISTANCE PURCHASE PLAN.

8           (a) *Notification of federal approval.* The department of health services shall  
9           request from the federal government approval of the treatment of section 49.472 (3)  
10          (a) and (f), (3m), (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTIONS  
11          16 and 17), and (5) of the statutes by this act, and shall notify the legislative reference  
12          bureau when each provision is approved. The legislative reference bureau shall  
13          publish each notice in the Wisconsin Administrative Register.

14          (b) *Void provisions.*

15          1. Notwithstanding SECTION 9418 (1) of this act, if, by January 1, 2015, the  
16          department of health services has not notified the legislative reference bureau under  
17          paragraph (a) that federal approval has been given with respect to the treatment of  
18          section 49.472 (4) (b) (by SECTION 16) of the statutes by this act, that treatment is void.

19          2. Notwithstanding SECTION 9418 (1) and (3) of this act, if, by January 1, 2016,  
20          the department of health services has not notified the legislative reference bureau  
21          under paragraph (a) that federal approval has been given with respect to the  
22          treatment of section 49.472 (3) (a) or (f), (3m), (4) (a) (intro.), 1., 1m., 2. (intro.), 2m.,  
23          or 3. or (b) (by SECTION 17), or (5) of the statutes by this act, that treatment is void.

24          **SECTION 9318. Initial applicability; Health Services.**

(1) ELIGIBILITY FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of section 49.472 (3) (a) and (f) and (3m) of the statutes first applies to individuals who apply for the Medical Assistance purchase plan, or whose continued eligibility for the Medical Assistance purchase plan is reviewed, on the effective date of this

subsection

Insert 8-24

(2) ELIGIBILITY FOR CERTAIN MEDICAL ASSISTANCE PROGRAMS.

(a) *Family care*. The treatment of section 46.286 (1m) of the statutes first applies to individuals who apply for the family care benefit, or whose continued eligibility for the family care benefit is reviewed, on the effective date of this paragraph.

(b) *Medical Assistance*. The treatment of sections 49.46 (1) (em) and 49.472 (3) (b) of the statutes first applies to individuals who apply for Medical Assistance or the Medical Assistance purchase plan, or whose continued eligibility for Medical Assistance or the Medical Assistance purchase plan is reviewed, on the effective date of this paragraph.

(c) *Medicare buy-in*. The treatment of section 49.468 (1) (d), (1m) (b), and (2) (b) of the statutes first applies to individuals who apply for the expanded medicare buy-in program, or whose continued eligibility for the expanded medicare buy-in program is reviewed, on the effective date of this paragraph.

(3) PREMIUMS FOR THE MEDICAL ASSISTANCE PURCHASE PLAN.

(a) The treatment of section 49.472 (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTION 16) and (5) of the statutes first applies to premiums for the Medical Assistance purchase plan that are payable on the effective date of this

paragraph

Insert 8-24

(b) The treatment of section 49.472 (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTION 17) and (5) of the statutes first applies to premiums for the

Medical Assistance purchase plan that are payable on the effective date of this

paragraph.

Insert 9-4

**SECTION 9418. Effective dates; Health Services.**

(1) ELIGIBILITY AND PREMIUMS FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of section 49.472 (3) (a) and (f), (3m), (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTION 16), and (5) of the statutes and SECTION 9318 (1) and (3)

(a) of this act take effect on January 1, 2014, or on the day after the applicable publication of the notice of approval in the Wisconsin Administrative Register under SECTION 9118 (1) (a) of this act, whichever is later.

(2) ELIGIBILITY FOR CERTAIN MEDICAL ASSISTANCE PROGRAMS. The treatment of sections 46.286 (1m), 46.46 (1) (em), 49.468 (1) (d), (1m) (b), and (2) (b), and 49.472 (3) (b) of the statutes and SECTION 9318 (2) of this act take effect on January 1, 2014.

(3) TERMINATION OF DEPARTMENT POLICIES. The treatment of section 49.472 (4) (b) (by SECTION 17) of the statutes and SECTION 9318 (3) (b) of this act take effect on January 1, 2015, or on the day after publication of the notice of approval of the treatment of section 49.472 (4) (b) (by SECTION 17) of the statutes in the Wisconsin Administrative Register under SECTION 9118 (1) (a) of this act, whichever is later.

(END)

2013-2014 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-1096/lins  
PJK:.....

INSERT 8-24

1 January 1, 2014, or on the day after the applicable publication of the notice of  
2 approval in the Wisconsin Administrative Register under SECTION 9118 (NO TAG)  
3 (NO TAG) of this act, whichever is later  
auto ref c ↑ auto ref B ↑

(END OF INSERT 8-24)

INSERT 9-4

4 January 1, 2015, or on the day after publication of the notice of approval of the  
5 auto ref A treatment of section 49.472 (4) (b) (by SECTION NO TAG) of the statutes in the  
6 Wisconsin Administrative Register under SECTION 9118 (NO TAG) (NO TAG) of this  
7 act, whichever is later  
auto ref B ↑ auto ref C ↑

(END OF INSERT 9-4)

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1096/1dn

PJK:/:...  
lev

date

Yuko:

This redraft makes some changes to the ~~Initial~~ ~~Applicability~~ and ~~Effective~~ ~~Date~~ provisions of the draft.

lcx4

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: pam.kahler@legis.wisconsin.gov

## Kahler, Pam

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**From:** Kahler, Pam  
**Sent:** Friday, February 08, 2013 1:52 PM  
**To:** Iwata, Yuko - DOA  
**Subject:** RE: MAPP draft

Yuko,

I believe that I can make all of the noted changes except to the ones to the nonstatutory provision and the effective date provision.

Effective date provision: The treatment of s. 49.472 (3) (b) (by Section 16 of the draft) takes effect on January 1, 2014, (unless not approved by the feds by then) but the treatment of s. 49.472 (4) (b) (by Section 17 of the draft – it's double drafted) does not take effect until January 1, 2015. This is due to the change to s. 49.472 (4) (b) in 2011 Act 32 (where it was also double –drafted), which takes effect on January 1, 2015.

Nonstatutory provision: The provisions that provide for the exemptions for independence accounts and retirement benefits take effect on January 1, 2014, regardless of whether federal approval is given by then or not. DHS may ask for approval, (by implication they must) but they do not have to give LRB notice if and when approval is given because the provisions, in text, say "to the extent of federal approval."

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**From:** Iwata, Yuko - DOA [mailto:Yuko.Iwata@wisconsin.gov]  
**Sent:** Friday, February 08, 2013 1:18 PM  
**To:** Kahler, Pam  
**Cc:** Gauger, Michelle C - DOA  
**Subject:** FW: MAPP draft

Hi Pam,

Below are DHS' comments on your MAPP draft. If you have any questions, please let me know.

Thanks,

**Yuko Iwata**  
Executive Policy and Budget Analyst  
Division of Executive Budget and Finance  
Department of Administration  
(608) 267 – 7980

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**From:** Rosen, Lara K - DHS  
**Sent:** Friday, February 08, 2013 1:15 PM  
**To:** Iwata, Yuko - DOA  
**Cc:** Forsaith, Andrew C - DHS; Megna, Richard H - DHS  
**Subject:** MAPP draft

Hi Yuko,

Please see comments on latest MAPP draft below. Let me know if you have any questions. Please note that I am leaving the office at 2:30 this afternoon - Andy has kindly volunteered to take questions that may arise after that time.

Thanks to you and LRB for all your help,  
Lara

1. **Sections 1-5 (p. 2, lines 3, 11, 19; p. 3, lines 3, 12):** We would like to specify that "retirement assets" includes both income and assets from retirement benefits exempted.
2. We would like to amend s. 49.47(4)(b) so that the income and asset exemption provision that would apply to medically needy under 49.47 (4) would be consistent with the exemption wording in the other sections in the bill.
3. **Section 6 (p. 4, lines 17- 22):** The proposed deductions are different from the usual SSI exclusions in that all the deductions apply to both earned and unearned income. For SSI purposes, the subtraction of \$65 dollars and dividing by two is only applied to earned income. The wording here appears to still limit us to applying the \$65 and a half deduction to earned income. The cited section of federal law includes all the earned and unearned income deduction allowed for SSI, but we only want some earned income deductions in 1382 applied to unearned income. We suggest the following change to clearly describe the requested deductions:

49.472 (3) (a) The individual's ~~family's~~ and his or her spouse's total net income is less than 250% of the poverty line for a family the size of the individual's family. In calculating the net income, the department shall apply all of the exclusions specified under 42 USC 1382a (b), except that exclusions applied under 42 USC 1382a (b)(4) to earned income shall also be applied to unearned income, and shall exclude up to \$500 per month of the individual's out-of-pocket medical and remedial expenses and long-term care costs, if any.

We also want to make sure it's clear that the deductions that apply to income eligibility do not apply to the income calculation for premiums.

4. **Section 9 (p. 5, line 19):** We do not want to limit the taxes paid or withheld to "income taxes," as we want individuals paying federal social security, Medicare and other applicable state and federal taxes to be eligible as well.
5. Now that independence accounts may remain relevant for individuals once they leave MAPP, we would like to amend the definition of "independence account" to ensure that individuals can't include contributions made after terminating their participation in MAPP. We could make the following change to 49.472(1)(c), for example:

(c) "Independence account" means an account approved by the department that consists solely of savings, and dividends or other gains derived from those savings, from income earned from paid employment ~~after the initial date while on which an individual began~~ is receiving medical assistance under this section.

6. **Section 9118:**
  - a. The draft in sections 1 through 5 mentions the exemption of independence accounts and retirement benefits for the other categories of Medicaid in conjunction with federal approval. However, the notification of federal approval provisions in Section 9118 (a) and (b)2. do not include reference to Sections 1 through 5 of the draft.
  - b. It appears that s. 49.472 (3)(b) should also be referenced in the provisions in Section 9118 (a) and (b).
  - c. We want to ensure that each provision is subject to its own federal approval but not to the federal approval of other provisions (that is, each provision that gets federal approval can move forward even if other provisions have not received approval). It seems like the current language achieves this, but we want to make sure.
7. **Section 9318 (p. 9, lines 5, 19):** We believe that "January 1, 2015" should be replaced with "January 1, 2014."

**Lara Rosen**

Budget & Policy Analyst

Office of Policy Initiatives & Budget

Wisconsin Department of Health Services

608-266-5655

[LaraK.Rosen@wisconsin.gov](mailto:LaraK.Rosen@wisconsin.gov)